



Legislative Bulletin.....March 2, 2005

Contents:

H.R. 27–Job Training Improvement Act of 2005

Summary of the Bill Under Consideration Today:

Total Number of New Government Programs: 3

Total Cost of Discretionary Authorizations: \$41.2 Billion over six years

Effect on Revenue: \$0

Total Change in Mandatory Spending: \$0

Total New State & Local Government Mandates: 0

Total New Private Sector Mandates: 0

Number of Bills Without Committee Reports: 0

Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority: 0

H.R. 27—Job Training Improvement Act of 2005 (McKeon)

Order of Business: The bill is scheduled for consideration on Wednesday, March 2nd, under a structured rule. The rule provides for one hour of general debate, equally divided, and makes in order only the amendments printed in the report (outlined below). The rule also allows for one motion to recommit.

Summary: H.R. 27 reauthorizes the job training and employment services programs under the Workforce Investment Act (WIA), including youth and adult programs. H.R. 27 also reauthorizes the Adult Basic Education Skills Act, which includes programs for adult education and literacy, and the Rehabilitation Act of 1973, which provides employment services to disabled individuals.

State and Local Boards:

WIA currently requires the establishment of state and local Workforce Investment Boards that oversee WIA programs. Under H.R. 27, representatives from organizations that have experience in youth or workforce investment activities are no longer required to be members of the state board. Instead, required membership is limited to: 1) state agencies responsible for administering the One-Stop partner programs; 2) the state economic development agency; 3) business representatives; 4) local elected officials; 5) representatives of labor organizations, and 6) state legislators. The governor continues to have the authority to expand board membership. The bill also gives the state board new authority to develop criteria for the certification of one-stop centers (and to issue such certificates) and the authority to allocate infrastructure funding for one-stops. H.R. 27 also adds to the groups that the state plan must describe how it will meet their needs: homeless individuals, ex-offenders, and displaced farmers, ranchers, and fishermen.

H.R. 27 limits the automatic designation of local workforce investment areas to two years by allowing for continued automatic designation to be denied if the governor determines the local area did not perform successfully. The required membership of each one-stop partner program on the local board is eliminated, but would be involved in the local memorandum of understanding process establishing one-stop arrangements. The local board could also create advisory committees involving one-stop partners or other parties. Eliminated is the requirement that local boards establish youth councils (although youth councils are still permitted).

For both state and local boards, H.R. 27 changes the requirement for five-year state and local plans to two-year plans and eliminates the authority of the state to use entities in existence prior to WIA in place of state or local boards.

One-Stop Centers:

One-stop centers are the mechanism by which WIA services are provided to individuals through a single access point. H.R. 27 adds to the current 19 mandatory partner programs in the one-stop system (including welfare-to-work, vocational education, and trade adjustment assistance) and optional programs: TANF (mandatory), child support enforcement, programs for disabled individuals, and programs administered by the Small Business Administration. The bill also requires each one-stop partner program to provide a portion of its program funds to the governor,

who would distribute the funds to local areas for infrastructure based on a formula developed by the state board.

States are given the authority to determine what provider information and data will be required to establish a list of eligible providers of training services (replacing federal requirements). States must use include the performance of providers among its criteria and the new criteria must comply with the Family Educational Rights and Privacy Act. Further, the requirement that local areas use a competitive process to determine eligible providers of youth services is eliminated.

Adult Programs:

H.R. 27 consolidates three current programs (WIA Adult, WIA Dislocated Worker, and Wagner-Peyser state-administered employment services) into “Comprehensive Employment and Training Services for Adults.”

As a result of this consolidation, the bill revises state allotments and reservations for national activities. The Secretary of Labor may reserve 10 percent for national activities (dislocated worker grants, demonstration projects, and technical assistance). The remaining funds would be allotted to states based on: the number of unemployed individuals; the number of individuals in the civilian labor force; and the number of disadvantaged adults. Within the state, a governor may reserve up to 50 percent of the state’s allotment for statewide activities (50 percent of which must be used to fund “core services” in local areas through one-stop systems). The remaining 50 percent would be allocated to local areas (85 percent based on the above state allotment formula and 15 percent based on a state-developed formula).

H.R. 27 also revises statewide activities, removing any required activities and making them allowable uses. Allowable activities are expanded to include the development of strategies to serve hard-to-serve populations and integration of one-stop partner programs.

Eligibility for intensive services is amended to allow an individual “unlikely or unable to obtain suitable employment” through core services to be eligible (current law has been interpreted to mean that an individual must go through each tier of service before being eligible for the next). Priority for these services is to be given to unemployed individuals, followed by low-income individuals. Allowable intensive services are expanded to include: internships and work experience; literacy activities; financial literacy activities, and out-of-area job search assistance and relocation assistance.

Local allowable activities are expanded under H.R. 27 to include: customer support; employment and training assistance in coordination with child support enforcement activities; work support activities for low-wage workers, and incumbent worker training programs. In addition, local areas are authorized to assist participants in enhancing individual training accounts (vouchers through which participants pay for training services) through other funding sources.

Youth Programs:

H.R. 27 revises the funding process for youth programs. Under the new process, 25 percent of appropriated funds (up to \$250 million) may be reserved by the Secretary of Labor to provide Youth Challenge Grants (replacing the current Youth Opportunity program). Of these funds, 80 percent would be available for competitive grants to promote “collaboration and innovation” in providing services to youth, and 20 percent for discretionary grants to promote “innovative and effective” activities for youth.

The bill also changes eligibility provisions for youth programs, increasing the age for eligibility from 14-21 years to 16-24 years. In addition, eligible youth must be one or more of the following: school dropouts; recipients of a secondary diploma or GED, but basic skills deficient; court-involved youth; or youth in or formerly in foster care. Priority for youth services is required for school dropouts. Allowable program elements are expanded to include on-the-job training opportunities and financial literacy skills.

H.R. 27 continues to allow funds to be used to serve in-school youth. However, the bill states that services may not be provided on school grounds during school hours.

Personal Reemployment Accounts:

H.R. 27 would establish a new Personal Reemployment Accounts (PRA) pilot grant program under the Workforce Investment Act of 1998 (WIA). Under the program, the Secretary of Labor would make competitive grants to eligible entities (states or local workforce boards) to provide personal reemployment accounts to eligible individuals (criteria for eligibility would be determined by the eligible entity, but the person must be receiving unemployment compensation and be likely to exhaust those benefits).

- An individual may receive only one account.
- The amount of the account would be established by the entity awarded the grant, but may not exceed \$3,000.
- The account may be used for up to one year after the date it is established.
- Funds in the account are nontransferable.
- Allowable uses of the account include: intensive services (such as skill assessments, counseling, or career planning), training services, and supportive services (such as transportation and child care). A recipient of an account may not receive these types of services funded through other parts of WIA.
- The account may be used to purchase services through the WIA one-stop delivery system or through other providers. Costs may be paid directly by the eligible entity on behalf of the account recipient or the account recipient can be reimbursed (with cost documentation).
- If an account recipient obtains full-time employment before the 13th week of unemployment or before the 13th week after the account is established, the balance of the account will be paid directly to the individual in cash. Of the balance, 60 percent will be provided at the time of employment and the remaining 40 percent after 26 weeks of employment retention (if the person again becomes unemployed, this remaining 40 percent may be used for services, but the individual would not be eligible for any additional cash payments).

A scaled-down yet similar demonstration program is already in operation in seven states (FL, ID, MN, MS, MO, TX, and WV) and funded through existing demonstration authority. The President did not request funding for PRAs in his FY06 budget.

Community-Based Job Training Grants:

H.R. 27 creates a **new grant program** (within the existing demonstration project provide eligible community colleges with funding to train workers for high-growth, high demand areas. It would authorize \$250 million for FY06 and “such sums as are necessary” for each fiscal year through 2011 (\$1.5 billion over six years if FY06 levels are maintained).

Other Provisions:

- Makes changes to the current-law provisions providing for the re-allotment of a state’s unobligated funds that exceed 20 percent of the prior year allotment. Under the bill,

unexpended funds that exceed 30 percent of all funds available to the state during the program year would be re-allotted to states without such excess funds.

- Reduces statutory performance measures for formula programs from 17 to eight, four for adult programs (entry into unsubsidized employment, retention in employment, earnings received, and program efficiency) and four for youth programs (entry into employment, education/advanced training/military service, attainment of a secondary school diploma or GED, and program efficiency). References to customer satisfaction measures are removed.
- Outcomes data would be required from all participants served by one-stop centers, not only those who register for intensive or training services (as required in current law).
- Strikes the requirement that Job Corps centers hire a community and business liaison, but requires that liaison activities be carried out.
- Changes name of “National Emergency Grants” to “National Dislocated Worker Grants” and repeals current requirement that the Secretary of Labor designate a dislocated worker office.
- Eliminates specific reserve percentages in National Activities section for technical assistance, demonstration and pilot projects, evaluations, and incentive grants.
- Eliminates the current law prohibition on use of funds for employment generation, economic development, and similar activities not directly related to training for eligible participants.
- **Exempts religious organizations from nondiscrimination provisions with respect to the employment of individuals. This provision would allow faith-based providers of employment and training services to continue to hire employees based on the mission and beliefs of the organization.**
- Prohibits WIA funds from being used to establish or operate stand-alone fee-for-service organizations that compete with private sector employment agencies (organizations would not include one-stop centers).

Adult Education:

H.R. 27 also reauthorizes the Adult Basic Education Skills Act (ABE). ABE serves individuals working to acquire a GED or who are preparing for higher education, many whom are limited English proficient, and includes literacy, English as a second language, and other basic skills programs.

The bill places increased emphasis in ABE on the provision of instruction that is research validated and scientifically based in the areas of reading, writing, English language acquisition, and math. Accountability provisions are expanded to require states to include in their state plans how effectiveness will be measured on a grant-by-grant basis and how eligible providers will be held accountable in “improving the academic achievement of participants in adult education programs.” States are also authorized to use technical assistance, sanctions, and reward to hold local providers accountable. Eligible agency performance measures are also expanded to include measurable improvement in basic skills levels for participants.

Included in ABE is the National Institute for Literacy (NIFL). H.R. 27 revises the mission of NIFL to align with the No Child Left Behind Act, requiring the Institute to promote “reading research, reading instruction, and professional development in reading based on scientifically based research.” It also expands the duties of the NIFL Board to provide policy guidance and advice to the Director of the Institute.

Wagner-Peyser Act:

The Wagner-Peyser Act includes the current employment services and employment statistics systems. Since employment services are consolidated into the adult grant program in H.R. 27, the bill repeals those sections of the Wagner-Peyser Act. The employment statistics system is reauthorized through 2010 (at “such sums”) and renamed the Workforce and Labor Market Information System.

Vocational Rehabilitation:

H.R. 27 also reauthorizes the Rehabilitation Act of 1973, which provides comprehensive vocational rehabilitation (VR) services to help individuals with disabilities become employable. The bill adds new language requiring states to establish clear goals for improving the alignment of transition services in vocational rehabilitation and special education and also requires states to assess transition services and their coordination with services under the Individuals with Disabilities Education Act. In addition, the bill changes the position that heads the Rehabilitation Services Administration within the Department of Education from a Commissioner appointed by the President and approved by the Senate to a Director appointed by the Secretary of Education.

Additional Background: The Workforce Investment Act was first enacted in 1998 to consolidate federal job training and workforce development programs. Authorization expired on September 30, 2003, although funding has continued through the appropriations process. During the 108th Congress, the House of Representatives passed a substantially similar bill, the Workforce Reinvestment and Adult Education Act (H.R. 1261) by a vote of 220 to 204. [<http://clerk.house.gov/evs/2003/roll175.xml>]. The Senate also passed legislation, but differences were not resolved in a conference committee prior to adjournment.

Committee Action: The Education and the Workforce Committee considered and amended H.R. 27 on February 25, 2005.

Administration Position: H.R. 27 includes many changes to WIA requested by the Administration and the Administration is supportive of the bill.

Cost to Taxpayers: CBO estimates that enacting H.R. 27 would increase discretionary authorizations by \$6.6 billion in fiscal year 2006 and by \$41.2 billion over the 2006–2011 period (\$34.1 billion over five years), assuming appropriation of the necessary amounts. Much of these increases are due to reauthorizing current law programs that CBO assumes would have expired. (In 2003, the House voted on H.R. 1261, a five-year bill to increase discretionary authorizations by \$31.2 billion.) The bill would extend existing mandatory programs but would not increase such costs relative to the baseline.

Does the Bill Expand the Size and Scope of the Federal Government: The bill reauthorizes current programs under the Workforce Investment Act, Adult Basic Education Skills Act, and the Rehabilitation Act of 1973, but creates new requirements under those programs as described above. Three new programs are created for Youth Challenge Grants, Personal Reemployment Accounts, and the Community-Based Job Training Demonstration Project.

Constitutional Authority: The Education and the Workforce Committee, in [House Report 109-9](#), cites Article 1, Section 8, Clause 1 (general welfare).

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